United States Department of the Interior
Bureau of Land Management
Colorado State Office
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To: Field Manager, Grand Junction Field Office CO-13000
Field Manager, White River Field Office CO-11000
Field Manager, Little Snake Field Office CO-10000
Field Manager, Uncompahgre Basin Field Office CO-15000
Field Manager, Royal Gorge Field Office CO-20000

From: Acting Deputy State Director
Energy, Realty, and Minerals

Subject: Inspection and Enforcement/Production Verification Policy
Solid Leasable Minerals

During March 2002, the Inspector General (IG) conducted an audit on Bureau of Land Management (BLM) Colorado's Inspection and Enforcement/Production Verification (I&E/PV) program for coal. The IG visited Little Snake and White River Field Offices. Based on the IG's recommendations and internal program evaluations, BLM Colorado is proposing the following policy and guidance pertaining to the I&E/PV Program for solid leasable minerals (coal, sodium, and oil shale).

I. Mine Inspections:

43 CFR 3486 and 3598 (Inspection and Enforcement coal and non-coal, respectively) as well as BLM Manual 3486 (coal) and 3598 (non-coal), require inspections conducted at least quarterly on active federal and Indian leases. Inactive lease inspections are to be conducted at least annually. More frequent inspections may be appropriate for more complex mining operations due to multiple seam mining, adverse geologic conditions, rapid mine advances (high production rates), second mining (pillaring operations), or wherever deemed necessary for other reasons.

All inspections are to be documented in written Mine Inspection Reports within two weeks of the mine inspection date. Inspection Reports shall detail the following information:

(1) Activities conducted
(2) Engineering/geologic conditions observed
(3) Physical measurements taken
(4) Maximum economic recovery statement, and any follow-up actions required

Copies of Mine Inspection Reports should be reviewed/initialed by the field engineer's immediate supervisor and filed in the appropriate case file. Also, copies of Mine Inspection Reports shall be provided electronically to the State Office, Solid Minerals I&E/PV Coordinator.

Inspection and Enforcement (I&E) guidelines require an inspection field book be maintained. While conducting Production Verification (PV) activities at the mine, pertinent information concerning PV can be entered into the same field notebook.

II. Production verification:

PV shall be conducted at least quarterly on active federal and Indian leases. All PVs are to be prepared within six weeks from the end of each quarter. The PV reports shall detail the following information:

(1) PV method used.
(2) The field engineer's calculation showing mined tonnage from the mine progress map during the quarter.
(3) A brief narrative showing a comparison between field engineer's calculated tonnage and reported tonnage to Minerals Management Service (MMS).
(4) If the field engineer discovers any discrepancy over five percent between the field engineer's calculated tonnage and the reported tonnage to MMS, a brief discussion with the mine operator and MMS must take place and show how the discrepancy was resolved. In case the discrepancy is not resolved, the field engineer should prepare an irregularity report to the MMS.
(5) A brief discussion on any major findings and associated recommendations.
(6) A brief discussion on maximum economic recovery (MER) for coal, ultimate maximum recovery (UMR) for non-coal, mine recovery, wash plant recovery, and coal losses, etc.

Copies of PV reports shall be initialed by the field engineer's immediate supervisor and shall be filed in the appropriate case file. Also, copies of production verification reports shall be provided electronically to the State Office I&E/PV Coordinator.

III. Diligence, Continued Operation, and Logical Mining Units (LMU):

The field engineer shall track diligence, continued operation, and logical mining units on an appropriate spreadsheet for each active coal mining operation. Upon completion of quarterly production verification, the field engineer updates the spreadsheet.

IV. I&E/PV Plan:

Mine-specific I&E/PV plans shall be prepared for each mine. These plans shall establish step-by-step I&E/PV procedures for producing operations and necessary frequency of inspections and production verification for each mine.

A. A suggested format for contents of the I&E Plan is as follows:

(1) Mine/Lease Fact Sheet: Mine name, permit area leases, lessees of record, operators, tract status, royalty rate, production, etc.
(2) Narrative of types and frequency of inspections for the subject mine, giving consideration to type of operation, rate of advance/retreat, federal production, and minimum regulatory inspection requirement.
(3) Narrative that itemizes lease and permit stipulations and regulatory obligations applicable to the subject operation.
(4) A brief narrative on any specific complication involved with the mine and an estimate of how long an average inspection should take.
(5) A current inspection record which consists of a file of the year's inspection reports for convenient reference.
(6) A noncompliance record which consists of a log sheet that shows type, dates, comments, etc.
(7) An undesirable event record which consists of a log sheet that shows type, dates, comments, etc.
(8) A record of BLM approved modifications to the mine plan, which consists of a log sheet showing pertinent information for each modification.
(9) A listing of Memorandum of Understanding (MOU) with other federal and state agencies, which affect the performance of I&E activities by BLM field engineer.

B. A suggested format for contents of the PV Plan is as follows:

(1) Flow chart: showing the product trail from the mine face to the point of sale.
(2) Mine Production Statistics Form: showing a running record of reported production and production calculated by field engineer from the mine progress maps.

(3) Operations Narrative: The operations narrative should, at a minimum, address the following items:
(a) Mining operations
(b) Mineral characteristics
(c) Surface and processing facility operation
(d) Records maintenance, reporting entity, and royalty payor
(e) Maps and reports submitted by the operator to federal and state agencies, and Indian Tribes
(f) Production accounting procedures: Describe the procedures the operators utilize to account for production from the mine face to the point of royalty determination
(g) Royalty accounting procedures

(4) Field Office PV procedures: Describe for each mine, the independent PV procedures BLM field engineer will utilize, to ascertain the accuracy of the quantity and quality of production from the mine face to the point of royalty determination:

Onsite (mine and processing facilities) activities:

(a) Inspections:
- Frequency
- What was inspected
- Measurements taken

(b) Records/reports reviewed:
- Frequency
- What records, reports, etc. are reviewed

(c) Scales:
- Frequency scale records reviewed

(d) Total review of operators production accounting procedures:
- Frequency
- Acceptable percentage of difference

(e) Progress maps and reports:
- Submitted frequency
- Review frequency
- How accuracy and allocation is checked
- How information collected during inspection is compared to the maps and reports

(f) MMS reports:
- Frequency reviewed

- What reviewed for
- How the accuracy of allocation is checked
- How information collected during inspection and progress map is compared to the MMS reports
- How discrepancies are handled

(g) Orders and noncompliance:

- What orders and noncompliance will be issued for
- Resolution procedures

(5) Recordation of the PV Plan: The PV Plan and Record is intended to be an independent case record to be filed on a mine-specific basis, not lease-specific basis. The Records portion of the PV Plan and Record will, at a minimum, include the following:

(a) Copies of the PV reports as well as LR-2000 and MIS PV records
(b) Copies of Irregularity reports with associated resolution documents
(c) Copies of Exception reports with associated resolution documents
(d) Copies of delinquency reports issued by MMS
(e) Copies of BLM Notices of Noncompliance issued as a result of PV activities
(f) A statement certifying the PV has been conducted for each royalty-reporting period

More specific instructions for preparation of the mine-specific I&E/PV Plans are contained in Part 3 of Section A and Part 7 of Section B in the I&E/PV National Policy and Guidelines.

The I&E/PV Plans shall be updated each year. After the I&E/PV Plans are reviewed by the immediate supervisor and State Office I&E/PV Coordinator, the field engineer shall file the I&E/PV Plan in the appropriate case file.

V. LR-2000 and MIS Database:

Within seven days after completing I&E/PV reports, the field engineer shall update the appropriate action codes pertaining to I&E/PV in LR-2000 and MIS databases.

. VI. Scale calibration/certification:

Each year the field engineer shall maintain in the case files a current copy of scale certification for rail/truck/belt.

VII. Coordination:

The field engineer shall maintain appropriate communication, coordination, and cooperation with other federal and state agencies i.e., Mine Safety and Health Administration, Office of Surface Mining, Minerals Management Service, Bureau of Indian Affairs, U.S. Forest Service, Colorado Division of Minerals and Geology, Indian Tribes, and the public. The interaction may be through routine telephone communications and joint inspections as appropriate. The surface management agency, if other than BLM, must be given prior notification of quarterly mining inspections.

Any questions may be directed to Raj Giri, Colorado State Office, I&E/PV Coordinator at 303-239-3865.

Signed by
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Authenticated by
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